

BYLAWS OF  
NEVADA PROFESSIONAL FACILITY MANAGERS ASSOCIATION  
A Nevada Non-Profit Corporation

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ARTICLE I

Offices

Section 1. Principal Office. As the association changes leadership with each change in board of directors, principal office shall be considered the PO Box # 97993.

Section 2. Other Offices. Branch and subordinate offices may be established at any time by the Board at any place or places.

ARTICLE II

Purpose

Section 1. The Nevada Professional Facility Managers Association is a professional association dedicated to the enhancement of engineering, maintenance, operations, and management of commercial, institutional and industrial facilities. It shall be the purpose of this Association to:

1. Maintain a forum for the exchange of ideas, experience and opinions;

2. promote continuing education in scientific advances of engineering and management;

3. enhance the image and presence of leaders involved in engineering and management in buildings operated in public sector;

4. collect information, serve as a clearinghouse and disseminate information on all facts of leadership, engineering and facilities management;

5. provide tangible evidence of demonstrated competence;

6. encourage engineering/management leadership and to maintain professional excellence and to use these talents to the betterment of the State of Nevada, our employees and the industry sector in which we are employed; and

7. conduct and engage in all other lawful activities in pursuit of these purposes.

Section 2. Name; Logo. The full name of the corporation may be shortened for convenient usage in periodicals, publications and other printed material by using the five letters: NPFMA. The approval and manner of use of the corporation's name, official logo and any other means or manner of identification shall be prescribed by the Board of Directors.

### ARTICLE III

#### Membership

Section 1. Classes. There shall be three classes of membership: Full members, associate members, and affiliate members.

Section 2. Full Members. A full member shall be an individual involved in the engineering, management, operations or administration of facilities, or education concerning such areas, in a supervisory capacity for no less than four years.

Section 3. Associate Members. An associate member shall be an individual or corporate member involved in or retired from the engineering, management, operations or administration of facilities, education concerning such areas, or students studying such areas, who otherwise does not meet the requirements for full membership.

Section 4. Affiliate Members. An affiliate member shall be an individual or organization not meeting the qualifications of any individual member classification who is primarily a vendor serving the facilities management, or otherwise supports, promotes or adheres to the purposes and objectives of the corporation. The Board of Directors shall determine the individuals and organizations who may qualify for affiliate membership, and the terms and conditions of affiliate participation. Affiliate Members may serve as a Director of the corporation.

Section 5. Selection of Members. Applicants for membership shall be complete and sign a membership application and return it to the Secretary. The Board of Directors Membership shall consider applicants for membership.

Section 6. Voting Rights. Each Full Member shall be entitled to one vote on each matter submitted to a vote of members.

Section 7. Membership Fee. Each member shall pay a membership fee and periodic dues and assessments in such amounts and at such times as shall be determined by the Board.

Section 8. Transfer of Membership. Memberships in this Association are nontransferable and non-assignable.

Section 9. Withdraw of Membership. Any member may withdraw from the Association at any time.

Section 10. Termination or Suspension of Membership.

(a) Good Cause. The Board may terminate or suspend any member for good cause by a vote of two-thirds of the Board of Directors. "Good cause" for such termination or suspension shall include, but not be limited to, violation of these bylaws or any other lawful rule of practice adopted by the Association's Board.

(b) Complaints and Procedures. All complaints and charges against a member, which are received in writing by the Board of Directors, shall be referred to the Membership Board of Directors, which shall conduct such investigations as it deems. The member shall be notified of the charges against him and shall be afforded the opportunity to respond to the charges. The Board of Directors, after reviewing the report, shall by the close of the next annual meeting make a final decision regarding all matters of discipline of a member. Not less than 15 days prior to the date of any disciplinary action proposed to be taken, the Board shall give notice to the member who is subject to the proposed action and the reasons therefore. The member may submit a written statement to the Board regarding the proposed action not less than 5 days before the effective date of the proposed action. Prior to the effective date of the proposed action, the Board shall review any such statement submitted, and shall determine the mitigating effects, if any, of the information contained therein on the proposed action.

#### ARTICLE IV

##### Board of Directors

Section 1. General Powers and Duties. The affairs, property and business of the Association shall be managed by the Board of Directors. The Board shall supervise, control and direct the affairs of the Association, including its committees. The Board shall determine the policies of the Association and

shall pursue the Association's mission, objectives and purposes. The Board may adopt such rules and regulations for the conduct of the Association business, as the Board may determine appropriate from time to time.

Section 2. Number, Tenure and Qualification.

(a) The Board Shall consist of not less than three (3) nor more than twenty five (25) members and shall include: President, immediate past President, Vice-President, Secretary and Treasurer of the Association. The Board of Directors, in its discretion, may add up to three additional members to the Board.

(b) Terms of office of all members of the Board shall be two years and commence at the first meeting of the year that the new board is instated.

Section 3. Nominations, Manner of Election. The Nominating Committee shall present for consideration at least one nominee for each seat on the Board. Each member of the Board of Directors shall be elected by the full membership of the Association.

Section 4. Vacancies.

(a) Any Director, Officer, or Committee Chairman may resign effective upon giving written or verbal notice to the Chairman of the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected or appointed before such time to take office when the resignation becomes effective.

(b) Vacancies in the Board may be filled by a majority of the remaining Directors, although less than a quorum, or by a sole remaining Director. Each Director so appointed shall hold office until the expiration of the term of the replaced Director.

(c) A vacancy or vacancies on the Board shall be deemed to exist in the case of death, resignation or removal of any Director, or if the authorized number of directors be increased or if the members fail at any regular or special meeting of members at which any Director or Directors are elected, to elect the fully authorized number of Directors to be voted for at that meeting.

(d) The Board may declare vacant the office of a Director who has been declared of unsound mind by a final

order of court, convicted of a felony, or been found by final order or judgment of any court to have breached any duty arising under Chapter 82 of the Nevada Revised Statutes dealing with Non-profit Corporations.

(e) The members of the Association may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors.

(f) No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

Section 5. Place of Meetings. Regular or special meetings of the Board shall be held at any place within or without the state of Nevada which has been designed from time to time by the Board.

Section 6. Regular Meeting. The Board shall conduct its regular meetings at times agreeable to the members of the Board of Directors, or for the transaction of other business.

Section 7. Special Meetings. Special meetings may be called by the President, or any two Directors. Written notice shall be given to each member of the Board of Directors not less than ten (10) days prior to the date of the special meeting.

Section 8. Chairman. The President of the Association shall be the Chairman of the Board of Directors. The Secretary and Treasurer, respectively of the Association shall serve as the Secretary and Treasurer, respectively, of the Board.

Section 9. Quorum. So long as the Board consists of 4 or more of the authorized number of Directors, three constitutes a quorum of the Board for the transaction of business, except to adjourn a meeting. If the size of the Board is further increased, and there is an odd number of the Board members, then a majority of the Board members shall constitute a quorum. If the size of the Board is increased, and there is an even number of Board members, then fifty percent (50%) of the total number of board members shall constitute a quorum. A majority of the Directors present whether or not a quorum is present may adjourn any Directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than 48 hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Every act or decision

done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles except as provided in the next sentence. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 10. Participation By Conference Telephone. Members of the Board may participate in the meeting of the Board through use of conference telephone or similar communications equipment in the same manner and purpose as if physically present, so long as all Board members participating in such meeting can hear one another.

Section 11. Obligations. No Officer, Director or Committee Chairman of the corporation shall incur any financial obligations for the corporation without first obtaining the approval of the Board of Directors.

## ARTICLE V

### Officers

Section 1. Officers. The Officers of the Corporation shall be as follows: President, Vice President, Secretary and Treasurer.

Section 2. Term of Office.

(a) The President, and Vice President shall be appointed to serve a two-year term. Such officers shall not serve more than three consecutive terms.

(b) The Secretary and Treasurer shall be appointed to serve a two-year term. Such Officers shall not serve more than three consecutive terms.

(c) The terms of office shall commence immediately following the Annual Meeting at which Directors are elected and shall end at the close of the ~~next~~ Annual Meeting at which new officers are appointed.

Section 3. Election of Officers.

(a) The Nominating Committee shall present its recommendations for nominees at the Annual Meeting.

~~(b)~~ The Secretary shall present the recommendations of the Nominating Committee to the membership at the Annual Meeting. Subsequent to open nominations, the membership shall elect a President, Secretary and Treasurer. Officers shall be elected by a majority of the members present and voting.

(c) To be eligible for office, a nominee must be a Full Member of the Association in good standing.

Section 4. Duties.

(a) President

(1) The President shall be the Chief Executive Officer of the Association and Chairman of the Board. He shall preside at all meetings of the membership of the Association, and at all meetings of the Board.

(2) He shall carry out the expressed wishes of the Association and the Board.

(3) He shall make recommendations to the Board for the filling of any vacancy that may occur among the elected officers during the interval between Annual Meetings.

(4) He shall be an ex-officio member of all standing and special committees, except the Nominating Committee.

(b) Immediate Past President

(1) The Immediate Past President shall chair the nominating committee, and oversee its responsibility to present a slate of officers and directors. The Immediate Past President automatically is a Member of the Board of Directors and shall have one vote.

(c) Vice President

(1) The Vice President shall chair the membership committee and oversee its functions and responsibilities.

(2) In the absence of the President he shall preside at meetings of the Association and the Board of Directors.

(3) He shall, upon request of the President represent the Association at other meetings or functions.

(d) Secretary

(1) The Secretary shall review and approve all minutes of meetings of the Association and of the Board.

(2) He shall review and approve an accurate and current roster of Association members.

(3) He shall be responsible for the giving of all notices of meetings of the Association and of the Board.

(4) He shall approve custodianship of the Association's Articles of Incorporation and the Corporate Seal, and he shall see that the Corporate Seal is affixed to all documents when duly authorized.

(5) He shall perform all duties instant to the office of Secretary and such other duties as may from time to time be assigned to him by the Board of Directors.

(6) He shall submit reports to the Board of Directors as directed by the President.

(e) Treasurer

(1) He shall have general supervision over the care and custody of the funds of the Association. He shall deposit the funds or cause the funds to be deposited in the name of the Association in such bank or banks, or trust companies, and in such safe deposit company or safe deposit companies as the Board may designate, and shall be responsible for all monies received by the Association and for all payments made on behalf of it.

(2) He shall review and approve ~~keep~~ an accurate account and record of all receipts and disbursements and he shall, when asked to do so, render a complete report of all funds to the Board.

(3) All checks in payment of Association obligations shall be signed by the Secretary-

Treasurer. He shall be authorized to sign checks in an amount not in excess of \$500.00. All checks and all orders to withdraw funds from a bank, trust company or other financial institutions in payment of Association obligations in excess of \$500.00 must be signed by the President and countersigned by the Treasurer.

(4) He shall review and approve a current financial statement at all regular meetings of the Board of Directors and at the Annual Meeting.

(5) He shall engage a certified public accountant to audit the books as deemed necessary by the board of directors.

(6) He shall notify the Board of Directors of members who are in arrears in payment dues.

(7) He shall see that members and/or professional consultants employees who handle chapter monies are bonded with such surety or sureties as shall be determined by the Board of Directors.

Section 5. Compensation. No director or officer shall receive directly or indirectly any salary or compensation for his services. Expenses may be allowed for attendance at each regular or special meeting of the Board and at meetings of the Executive Committee.

Section 6. Vacancies. A vacancy in an office by reason of death, resignation, refusal to act, removal, disqualification or otherwise, shall be filled in accordance with these By-laws.

## ARTICLE VI

### Committees

Section 1. Appointment and Authority. The Board may appoint one or more committees, and delegate to such committee any of the authority of the Board except with respect to:

(a) The approval or any action for which the Nevada Non-profit Corporation Law also requires approval of the members or approval of a majority of all members.

(b) The filling of vacancies on the Board or on any committees authorized by this Section 1.

(c) The amendment or repeal of Bylaws or the adoption of new Bylaws.

(d) The amendment or repeal of any resolution of the Board which by its expressed terms if not so amendable or repealable.

(e) The appointment of other committees of the Board or the members thereof.

(f) With respect to any assets held in charitable trusts, the approval of any self-dealing transaction.

Any such committee must be created, and the members thereof be appointed, by resolution adopted by a majority of the authorized number of Directors then in office, provided a quorum is present, and any such committee may be designed an Executive Committee or by such other name as the Board shall specify. The Board may appoint in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceeding of any such committee shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of Article IV applicable to meetings and actions by the Board. Minutes shall be kept of each such meeting of such committees.

## Section 2. Other Committees.

(a) In addition to committees having the authority to act on behalf of the Board, the Board is authorized to create and appoint such other committees for the purpose of carrying on the affairs of the Association. Such committees shall not act with the authority of the Board but shall be merely advisory to the Board and the Association. Without limiting the authority of the Board to appoint additional committees, the other committees of the Association are as follows: Program; and Nominating. Except as otherwise provided in these Bylaws, the Chairman of each of the above committees shall be appointed by the Board of the Association. The committee chairman shall appoint additional members to his committee, and all appointments must be approved by the Board of Directors.

(b) The Chairman of the Board, with approval of the Board of Directors, may appoint other committees as shall, from time to time, be deemed advisable.

(c) All special committees shall be disbanded by action of the Board of Directors after they have fulfilled their specific charges.

Section 3. Composition and Duties.

(a) Program Committee.

The Program Committee shall strive to promote understanding and a good relationship between members, and amongst members and the Association by developing programs of mutual interest and benefit.

(b) Nominating Committee.

(1) The Nominating Committee shall propose for nomination the following officers:

- i. President
- ii. Vice President
- iii. Secretary
- iv. Treasurer
- v. Immediate Past President
- vi. Other nominations as may be necessary.

(2) The committee shall submit their proposal slate of Officers and other nominees to the Board of Directors before the Annual Meeting.

(3) The committee shall consist of the Immediate Past President of the Association and two full members of the Association.

ARTICLE VII

Finance and Dues

Section 1. The fiscal year of the Association shall be from January 1 to December 31.

Section 2. Association dues shall be paid annually and the amount of dues shall be determined by resolution of the Board.

Section 3. Dues shall be due and payable on January 1 of each year. All members who have not paid their dues on or

before the first day of April shall be considered delinquent and dropped or suspended from membership.

## ARTICLE VIII

### Meetings of Association Members

Section 1. Place of Meeting. The meetings of members shall be held at any place within or without the State of Nevada which may be designed by the Board or by written consent of all persons entitled to vote thereat, given either before or after the meeting and filed with the Secretary.

Section 2. New Board of Directors Installation Meeting. The New Board of Directors Installation meeting of the membership of the Association shall be held at such time and place as the Board of Directors shall determine. The election of officers and Directors shall be conducted every two years, consistent with the terms of office and any other proper business may be transacted at such meeting.

Section 3. Special Meeting. Special meetings of members may be called by the Chairman of the Board, or the President upon his own motion. In addition, special meetings of members for any lawful purpose may be called by 5% or more of the membership. Upon request in writing, the Chairman of the Board, the President, any Vice President, or the Secretary (by any person other than the Board entitled to call a special meeting of members), the officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board, not less than 10 nor more than 60 days after the receipt of the request. If the notice is not given within 20 days after the receipt of the request, the persons entitled to call the meeting may give the notice.

Section 4. Notice of Annual or Special Meeting. Written notice of each annual or special meeting of members shall be given not less than 10 nor more than 60 days before the date of the meeting to each member entitled to notice thereof; provided, however, that if notice is given by mail and the notice is not mailed by First Class, Registered, or Certified Mail, the notice shall be given not less than 20 days before the meeting. Such notice shall state the place, date, and hour of the meeting and (a) in the case of the special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members, but, subject to the provisions of applicable law, any proper matter may be presented at the meeting for such action. The notice of

any meeting at which Directors are to be elected shall include the names of those who are nominees at the time the notice is sent to members.

Notice of the members' meeting shall be given either personally or by mail or made available on the web site or by other means of written communications, addressed to a member at the address of such member appearing on the books of the Corporation or given by the member to the Corporation for the purpose of notice, or, if no such address appears or is given, at the place where the principal office of the corporation is located or by publication at least once in a newspaper of general circulation in Clark County. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient, delivered by a common carrier for transmission or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have given at the time it is communicated in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipients.

Section 5. Quorum. One-half (or a majority of the members attending in person or by written proxy) of the active members of this Association shall constitute a quorum for the transaction of business. At any meeting of the members, actually attended in person by less than a quorum, only matters, notice of the general nature of which was given pursuant to the first sentence of Section 12 of this ARTICLE III, shall be acted upon.

If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter shall be the Full Members, unless the vote of a greater number of voting by Full Members is required by law, by the Articles, or by these Bylaws.

Section 6. Adjourned Meeting and Notice Thereof. Any members meeting may be adjourned from time to time by the vote of the majority of the votes represented either in person or by proxy. It shall not be necessary to give any notice of time and place of the adjourned meeting for the business to be transacted thereat, other than by announcement at the meeting of which the adjournment is taken; provided, however, when any members meeting is adjourned for more than 45 days or, if after adjournment a new record date is fixed for the adjourned

meeting, notice of the adjourned meeting shall be given as in case of the meeting as originally called.

Section 7. Voting. The members entitled to notice of any meeting or to vote at such meeting shall be the only persons in whose names memberships stand on the records of the corporation on the record date for notice determined in accordance with these bylaws. Voting may be by voice, by show of hands or by rising. If a member requests that any matter be voted on by secret ballot, the request must be granted. Voting by proxy is permitted.

Section 8. Record Date. The Board may fix, in advance, a record date for the determination of the members entitled to notice of any meeting of members or entitled to exercise any rights in respect of any lawful action. The record date so fixed shall be not more than 60 days nor less than 10 days prior to the date of the meeting, nor more than 60 days prior to any other action. When a record date is so fixed, only members of record on that date are entitled to notice to vote, or to exercise the rights for which the record date was fixed. A determination shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than 45 days.

If no record date is fixed by the Board, the record date for determining members entitled to notice of a meeting of members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. If no record date is fixed by the Board, members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of members or, in the case of an adjourned meeting of members, the record date of determining members for any purpose other than set forth in this Section 8 of this Article VIII shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth day prior to the date of such other actions, whichever is later.

Section 9. Consent of Absentees. The transactions of any meeting of members, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call or notice, if a quorum is present in person, and if, either before or after the meeting, each of the persons entitled to vote, not present in person, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records or made

a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of, and presence at such meeting, except when the person objects at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to the consideration of matters required by the Nevada Non-Profit Corporation Law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need to be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes thereof.

Section 10. Action Without Meeting. Any action except election of Directors which, under any provision of the Nevada Non-Profit Corporation Law, may be taken at any regular or special meeting of members, may be taken without a meeting if:

- (a) the written ballot of every member is solicited;
- (b) the required number of signed approvals in writing, setting forth the action so taken, is received;
- (c) the number of ballots cast within the time period specified equals or exceeds the quorum required to be presented at a meeting authorizing the action;
- (d) the number of approvals equals or exceeds the number of votes that would be required at a meeting to approve the matter.
- (e) Announcements, actions, voting, etc. may be done via web site, as deemed appropriate by the Board of Directors by posting announcements and making them available to members on the web site.

Unless a record date for voting purposes be fixed as provided in Section 8 of this Article VIII, the record date for determining members entitled to cast written ballots pursuant to this Section 10 shall be the day on which the first written ballot is mailed or solicited, whichever is first.

Section 11. Inspectors of Election. In advance of any meeting of members, the Board may appoint inspectors of election to act at such meeting and any adjournment thereof. If inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the Chairman of any such meeting may make such appointment at the meeting. The number of inspectors shall be either one or three. If

inspectors are appointed at a meeting on the request of one or more members, the majority of members represented in person shall determine whether one or three inspectors are to be appointed.

The duties of such inspectors shall be as prescribed by the Board of Directors and shall include: determining the number of members outstanding and the voting power of each; determining the memberships represented at the meeting; determining the existence of a quorum; receiving votes, ballots, or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election, the decision, act, or certificate of a majority is effective in all respects as the decision, act or certificate of all.

Section 12. Conduct of Meeting. The President shall preside as Chairman at all meetings of the members. The Chairman shall conduct each such meeting in a businesslike and fair manner. The Chairman's rulings on procedural matters shall be conclusive and binding on all members, unless at the time of a ruling a request for a vote is made to the members entitled to vote and which are represented in person at the meeting, in which case the decision of a majority of such members shall be conclusive and binding on all members. Without limiting the generality of the foregoing, the Chairman shall have all of the powers usually vested in the Chairman of a meeting of members.

## ARTICLE IX

### Amendments

Section 1. Quorum and Procedure.

(a) Proposed amendments to these Bylaws shall be submitted in writing by five (5) members to the Secretary-Treasurer not less than sixty (60) days prior to the next Annual Meeting for review and recommendations. Amendments may also be proposed by a Bylaws Committee upon creation and direction of the Board or upon exercise of its authority in accordance with these Bylaws.

(b) All such proposed amendments shall be referred to the Board of Directors for review and recommendation.

(c) Action on proposed amendments shall be taken at the next ~~Annual~~ Meeting after the first reading of the proposed amendments.

(d) A copy of the proposed amendments to the Bylaws shall be made available by direct delivery or electronic distribution to each member at least thirty (30) days before the meeting at which they will be voted upon.

(e) Amendments may be adopted by a majority vote of the voting members attending the Annual Meeting.

## ARTICLE X

### Rules of Order

Section 1. The deliberations of this Association shall be covered by parliamentary usage as contained in Robert's Rules of Order, as newly revised, or as deemed appropriate by the Board of Directors when not in conflict with these Bylaws.

## ARTICLE X

### Indemnifications

Section 1. Definitions. For the purposes of this Article X:

(a) "Agent" means any person who is or was a Director, Officer, employee, or other agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation which was a predecessor of the Association or of another enterprise at the request of such predecessor entity;

(b) "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

(c) "Expenses" includes, without limitation, attorneys' fees and any expense of establishing a right to indemnification under Section 4 or 5 (c) of this Article XI.

Section 2. Indemnification in Actions by Third Parties.

The Association shall have power to indemnify any agent who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of a criminal proceeding had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of criminal proceeding had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believe to be in the best interests of the Association or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. Indemnification in Actions by or in the Right of the Corporation.

(a) The Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

(b) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Association, in the performance of such person's duty to the Association, indemnification shall only be made if and to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to

indemnity for the expenses which such court shall determine;

(c) The Association shall have the power to indemnify any agent referred to in Sections 2 and 3 (a) hereof for amounts paid in settlement or otherwise disposition of a threatened or pending action, with or without court approval, and for expenses incurred in defending a threatened or pending action which is settled or otherwise disposed without court approval.

Section 4. Indemnification Against Expenses. To the extent that an agent of the Association has been successful on the merits in defense of any proceeding referred to in this Article X of in the defense of any claim, issue, or matter therein, such agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection wherewith.

Section 5. Required Determinations. Except as provided in Section 4 of this Article X, any indemnification under this Article X shall be made by the Association only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 2 or 3 of this Article X, by:

(a) A majority vote of a quorum consisting of Directors who are not parties to such proceeding; or

(b) Approval of the members, with the persons to be indemnified not being entitled to vote thereon; or

(c) The court in which such proceeding is or was pending upon application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Association.

Section 6. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article X.

Section 7. Insurance. The Association shall have power to, but not the obligation, to purchase and maintain

insurance on behalf of the Association, and/or any agent thereof, against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under the provisions of this Article X.

Section 8. Nonapplicability to Fiduciaries of Employee Benefit Plans. This Article X does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Association as defined in Section 1 of this Article X.